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DEPARTMENT OF STATE

Memorandum of Conversation

647 R

DATE: May 12, 1954

SUBJECT:

PARTICIPANTS: Mr. Lewis Parsons, United States Steel Corporation
Mr. Holland, ARA

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I told Mr. Parsons that the Secretary was of the opinion that one of the current major tests of strength between the free world and Russia was whether the communists have the power without the threat of the Red Army to establish a satellite country in this hemisphere. I pointed out that if they were successful in doing so by "peaceable" means it would be a tremendous propaganda victory, and that we felt it imperative to block any such achievement.

I said that the decision had been made to test cautiously opinion among the Latin American nations and, if the requisite votes could be assembled, to adopt a finding that Guatemala has come within the scope of the Caracas resolution and apply sanction.

I said that we felt that this task required the [illegible] of a very superior person and that a survey of those know[illegible] that Mr. Walter Donnelly was the best man in sight for [illegible]

I stated that through Ambassador Warren we h[illegible]onnelly whether he had any personal objection to undertaki[illegible]nment if his company approved it and that he had replied [illegible]r as he personally was concerned he would do so with co[illegible]proval.

Mr. Parsons said that he felt sure that his company would have no objection; that he would discuss it with Mr. Fairless and others and report back to me that same day.

Later in the day he phoned me and said the company had instructed Mr. Donnelly to report to New York where he would arrive on Friday. There he would talk first, to Mr. Fairless, then to Mr. Parsons and, finally, to me.

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